

2011

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# International Issues for U.S. Citizens Living Abroad



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# Who Must File?

U.S. citizens file Form 1040

U.S. resident aliens file Form 1040

- Green Card Holders
- Substantial Presence Test

Nonresident aliens file  
Form 1040NR

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# What about Social Security?

## Totalization Agreements:

Eliminate dual Social Security taxation

Protect benefits for workers who have  
divided career between U.S. and another  
country

## Self-Employment Tax

U.S. Citizens/Res. Aliens: 1040, Sch SE

U.S. Possessions: 1040-SS or 1040-PR

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# Foreign Earned Income Exclusion

U.S. Citizen or U.S. Resident Alien

Foreign Earned Income

Tax Home in Foreign Country

Must Meet Either:

- A. Bonafide Residence Test, or
- B. Physical Presence Test



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# Foreign Earned Income Exclusion

Husband and wife could  
be eligible to exclude up  
to \$91,500 each for total  
exclusion of \$183,000



Exclusion/Deduction for qualifying foreign  
housing expenses

Income above excluded amount  
taxed at higher rate

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# Foreign Tax Credit

Eliminates double taxation

Must be:

- Income tax on foreign income
- Legally owed and paid

No credit for foreign taxes on  
excluded income





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# Tax Treaties

## Saving Clause

- Allows U.S. to tax citizens and residents as if treaty doesn't exist

Form 8802 – Application for U.S.  
Residency Certification



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# Reporting Foreign Accounts

## Form TD F 90-22.1

- Foreign accounts, in aggregate
- Over \$10,000 on any day of the year
- Filed with Treasury Dept by June 30  
(no extensions)





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# Reporting Foreign Accounts

**Form 1040, Schedule B, Part III**

**Form 8938**

- Foreign Accounts, in aggregate
- Over \$50,000 on any day of year
- Filed with Form 1040

**Offshore Voluntary Disclosure**

- Deadline: August 31, 2011

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# International Forms

**3520** – Annual Return to Report  
Transactions With Foreign Trusts/  
Receipt of Certain Foreign Gifts

**3520-A** – Annual Return of  
Foreign Trust with a U.S. Owner



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# International Forms

**5471** – Information Return of U.S. Persons  
With Respect to Certain Foreign  
Corporations

**5472** – Information Return of a Foreign  
Owned Corporation

**8898** – Statement for Individuals Who  
Begin or End Bona Fide Residence in a  
U.S. Possession



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# Need Help?

Call International Customer Service at  
(267) 941-1000 (not toll free)

Mon.–Fri. 6:00 a.m.–11:00 p.m. EST

Check [www.irs.gov](http://www.irs.gov)

Keyword: International

Helpful publications:

54, 514, 901, 4732

